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ABSTRACT

This report describes federal, California state, and private student financial aid programs; ways to improve chances of receiving aid; and programs for special populations. Information is provided on the following sources of aid: (1) federal (Pell Grants, National Direct Student Loans (NDSL), Supplemental Educational Opportunity Grants (SEOG), College Work-Study (CWS), and aid to veterans and dependents); California (Cal Grant A, Cal Grant B, state graduate fellowships, and aid to dependents of veterans); (3) private organizations (National Merit Scholarship Corporation, businesses, professional associations, labor unions, and community organizations); and (4) private lenders (California Guaranteed Student Loans (CGSL), California Loans to Assist Students (CLAS), and personal loans). General information is provided on school financial aid offices, application procedures, eligibility, and filling out forms. Cost-cutting ideas include ways to shorten the time spent in school, suggestions for inexpensive schools to attend, and options for earning money while attending school. Special programs are discussed for minorities and women, disabled students, adults, and graduate students. Suggestions are offered to parents for planning ahead and for savings plans. Deadlines for several programs are included. Information in this report is current at the time of printing, June 1983, but is subject to change. (DC)

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The CIRcular™
Consumer Information Report 8

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Ways to Finance an Education

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Scholarships, grants, and loans for higher education come from a variety of sources, including many you may never have thought to explore. This report looks at federal, state, and private aid for students; special opportunities for women and minorities; ways to improve your chances of receiving aid; and more.

BEYOND HIGH SCHOOL Whether you plan to attend a vocational school, graduate school, two-year college, or four-year university, figuring out how to pay for your postsecondary education is not just a challenge—it's a necessity. Nearly all formal education beyond high school requires that you meet a sizable portion of the expenses yourself.

Tuition and various student fees are basic charges at almost all schools, and you'll have to pay for room and board at a residential college. Also, don't forget the cost of books, supplies, and basic living needs.

Ways of meeting these educational expenses fall into two major categories: self-help and financial aid. Self-help includes your savings and your summer and school-year earnings. Financial aid from the federal or state government or from private sources can be obtained in the form of scholarships, grants, and loans.

SCHOLARSHIPS You're awarded a scholarship on the basis of superior ability in academic work, athletics, or other school-related activities. The amount may be determined by need. Because a scholarship is a gift, it doesn't have to be repaid.

GRANTS You're awarded a grant primarily on the basis of financial need. As with a scholarship, repayment isn't necessary.

LOANS Educational loans generally are made to the student, and repayment is the student's responsibility. However, parents may apply for an insured loan available through private lenders to help meet the cost of their children's education.

Loans vary in their requirements. Before you sign on the dotted line, make certain that:

1. You understand all the terms of the loan, such as the annual percentage rate (APR) and any penalties for early repayment.
2. You know how much your monthly loan payments will be and when the payments will begin. Remember that you'll have to meet these payments as well as housing, food, clothing, and other living expenses.

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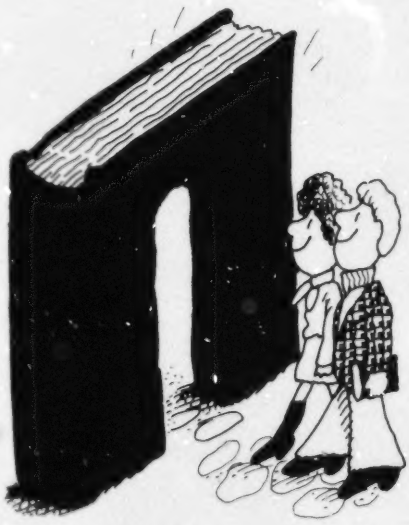

Where the Dollars Are

FEDERAL GOVERNMENT The federal government is one of the largest sources of student financial aid in the United States today. It allocates funds each fiscal year to postsecondary schools whose applications for funds have been approved. The schools, in turn, distribute the funds to eligible students. In general, to be considered eligible, you must be enrolled in a qualified program at a participating school and show financial need. Because the number of dollars earmarked by the government for financial aid can fluctuate from year to year, the number of participating schools and the amount of aid they can offer might also vary.

You can apply for federal student aid programs through the financial aid office at your postsecondary school. The government currently offers the following programs.

Pell Grants These grants may be made for as many years as you need to earn your first bachelor's degree, but you must reapply annually. During the 1982–83 academic year, Pell Grants of up to $1,800 were available to eligible undergraduate students. Awards for 1983–84 will range from $200 to $1,800.

Get an application form from a high school or the postsecondary school you plan to attend, or write to Pell Grants, P.O. Box 84, Washington, DC 20044.

National Direct Student Loans (NDSL) These low-interest loans are made to undergraduate and graduate students. The total amount you can borrow depends partly on your financial need.

Repayment begins six months after you graduate, leave school, or drop below half-time status. You may be allowed up to ten years to pay. The interest rate is 5% APR and is calculated from the date your repayment period begins. Under certain conditions, you can defer repayment or qualify for a full or partial cancellation of your debt.

Supplemental Educational Opportunity Grants (SEOG) Undergraduate students may apply for these grants, which may range up to $2,000. The amount you receive depends partly on your financial need.

College Work-Study (CWS) This program is open to undergraduate and graduate students. Wages may vary according to the work you do, but work-study jobs must pay at least the federal minimum wage.

Your postsecondary school arranges the job and assigns you a work schedule, taking into account your need, your academic progress, and the school's policy. The job must be with a nonprofit organization. If your school is nonprofit, it can be your employer.

For More Information To learn more about Pell Grants and the NDSL, SEOG, and CWS programs, send for a free copy of *The Student Guide: Five Federal Financial Aid Programs*. It's available by writing to *Student Guide*, Department DEA-84, Public Documents Distribution Center, Pueblo, CO 81009. If you have a question about your grant or other financial aid, or if you need additional information, write to Student Financial Assistance, P.O. Box 84, Washington, DC 20044.

Aid to Veterans and Dependents You might qualify if you're a veteran or the

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spouse or child of a veteran who died, is permanently and totally disabled as a result of military service, or is currently listed as missing in action.

Eligible high school or postsecondary school students can receive benefits for up to 45 academic months. The amount of your benefits depends on whether you attend school part- or full-time and, if you're a veteran, on the number of dependents you have. Apply at the nearest Veterans Administration Office.

STATE GOVERNMENT Programs administered by the California Student Aid Commission are another major source of student aid. You can obtain application forms from your postsecondary school's financial aid officer or your high school counselor, or by writing to the California Student Aid Commission, 1410 Fifth Street, Sacramento, CA 95814.

Cal Grant A These go to students enrolled in undergraduate degree programs at accredited California postsecondary schools. Grants range in amount from $300 to $3,400 and are renewable annually. The money must be spent on tuition. To be eligible, you must show financial need and academic proficiency. If you're awarded a Cal Grant A while attending a two-year (community) college, the grant will be held in reserve until you enroll in a four- or five-year program.

Cal Grant B This program aids high potential students from very low-income families. You may qualify if you need financial aid to attend postsecondary school and have completed no more than one postsecondary semester. If you're awarded a Cal Grant B, you may be able to renew it annually. Grants range from $500 to $1,100 a year for living expenses in the first year of enrollment after high school. They may be increased to include tuition, up to an additional $3,200 in the second, third, and fourth years. If you enroll in a five-year program in your freshman year, you can have your grant renewed in the fifth year, too.

State Graduate Fellowships You're eligible for a fellowship if you're working toward a degree at an accredited graduate or professional school and need financial aid. Fellowships range from $700 to $5,500 for tuition and fees and are renewable annually. Recipients are selected on the basis of undergraduate grades, financial need, and admission test scores.

Aid to Dependents of Veterans To request an application form, write to the California State Department of Veterans Affairs, Division of Veterans Services, Attn: Educational Representative, P.O. Box 1559, Sacramento, CA 95807. Or, call (916) 445-2334.

SCHOOLS Many postsecondary schools offer their own scholarships, fellowships, grants, and loans. Amounts can range from $50 to full tuition. In addition, schools have developed various ways for parents and students to meet college expenses. Look through school catalogs or contact financial aid officers to find out about the programs available at schools that interest you. Forms of aid will probably include some of the following.

Deferred Payment Some schools allow you to delay payment of tuition. Depending on the school, you may pay in monthly installments, pay part at the beginning of a term and the rest when the term ends, or defer part or all of your payment until after you graduate. Rates of interest, if it is charged, also vary.

Service-Related Awards Some schools award grants to students of exceptional athletic ability or to those who take part in certain activities, such as the orchestra, chorus, or debating team.

Short-Term Loans Schools offer these so that you'll be able to cope with unforeseen financial difficulties. In general, you have to repay as quickly as possible and no later than the beginning of the next school year. These loans, which usually range up to $100, carry nominal or no interest charges if you pay them by the time they're due.

Other Aid Some schools offer a tuition discount or rebate when more than one family member attends, or a reduced tuition for students who maintain high grades. Other schools allow you to pay four years' tuition in advance as protection against future tuition increases. For a discussion of other options schools offer, get a copy of *Don't Miss Out* (see the section titled "Additional Sources" on page 3 for more information).

PRIVATE ORGANIZATIONS Although federal and state governments are the main sources of aid, there are many scholarships, grants, and loans available from private organizations, including the following.

Merit Scholarships The major private source of scholarships is the National Merit Scholarship Corporation. Over 5,000 scholarships totaling more than $18 million were awarded to high school students for the 1982–83 academic year.

You and Your Financial Aid Office

A postsecondary school's financial aid office is the place to apply for most scholarships, grants, loans, and jobs from federal, state, and private sources. About a year or two in advance is the best time to make your first contact. Consult all available sources of information beforehand, then compile a list of questions and make an appointment to see one of the counselors in the aid office.

APPLICATION Application procedures vary from school to school, but in California all public schools and most private schools use the Student Aid Application for California (SAAC). This means that, in most instances, you can apply for aid from the college, the state government, and the federal government by filing just one application. Depending on the school, however, filing procedures and deadline dates may vary. Specific instructions are included on the SAAC, but it may also be a good idea to request application instructions from the financial aid office of any school to which you apply.

The SAAC is available from your high school counselor, from most college financial aid offices, or by writing to the California Student Aid Commission (see address under "State Government" on this page). If you are applying to schools outside California, write to each school for information on financial aid forms and procedures.

ELIGIBILITY The primary yardstick for virtually all financial aid is need. "Need" is the difference between what it costs to attend a particular school and what you and your family together are expected to contribute. Your need at one school may be $100, while your need at another could be $4,000. You can estimate your own financial need using the charts in the *California Student Financial Aid Workbook*, available from the California Student Aid Commission, or by using the guidelines in *Meeting College Costs*, available from your high school counselor.

The official determination of your family's expected contribution probably will be made by a need-analysis agency. The most widely used agencies are the College Scholarship Service (CSS) and the American College Testing Program (ACT). The agency uses information provided on your financial aid forms to calculate the amount your family should be able to afford for college expenses. The recommendation is forwarded to the financial aid office of colleges you specify and may be revised by the financial aid staff.

FILLING OUT FORMS Remember that financial aid forms are your only means of setting forth a complete picture of your financial situation.

1. Be as accurate as possible when filling out your forms. Many colleges will request a copy of your family's federal tax return to verify the information you provide. Don't record any income you're not sure of, such as pay from a possible part-time job.

2. Ask your financial aid officer for help if any part of a form confuses you. Filling out a form incorrectly may cause a delay or even prevent you from receiving aid.

3. Apply for as many types of aid as possible. Almost all schools offer aid in "packages" of two or more types; for instance, a grant, a work-study job, and a loan. Applying for only one type will not get you more money from that source; it may just prevent you from getting other types of aid.

4. Observe deadlines. If you apply late, a school's financial aid funds may be assigned before your application arrives.

If you're a U.S. citizen attending high school full-time and planning to attend a regionally accredited college in the United States, you may participate in this competition by taking the Preliminary Scholastic Aptitude Test/National Merit Scholarship Qualifying Test (PSAT/NMSQT). Usually, you take the test in the fall of your junior year. If you win, you receive either a renewable scholarship—with an award ranging from $250 to $2,000 or more each year for four years—or a one-time award of $1,000.

Even if you're not among the Merit Scholarship winners, you may benefit by taking the PSAT/NMSQT test. If you score among the top 50,000 students on the exam, you'll receive special recognition, which may give you an advantage in applying for other sources of aid. See your guidance counselor for details and for a PSAT/NMSQT *Student Bulletin*, which contains information about the Merit Program.

Business Corporations Awards and eligibility requirements vary. Many corporations offer scholarships, fellowships, and loans to employees' children. Others offer aid to students in academic areas related to the corporation's activities or interests. Check with each corporation about its particular awards and requirements.

To find out which corporations offer aid, consult your public library's books on financial aid. Check with the financial aid officer at your postsecondary school or with your high school guidance counselor. A local chamber of commerce official may have additional information about corporations in your area that offer aid.

If aid recipients must be employees' children, check with the company's personnel administration department or public relations department for forms and information.

Professional Associations Many offer aid to students who plan to enter the professional fields they represent. Check with your postsecondary school's financial aid officer and with teachers who specialize in your field of interest. Look at the directories of associations at your public library. Contact the associations for information and available publications.

Labor Unions Some offer scholarships, grants, or loans of various amounts to members and their children. Selection is usually made on the basis of your high school record. Contact an officer in the union local for information.

Community Organizations Various civic and fraternal organizations, religious and ethnic groups, local businesses, and social and professional clubs may offer aid based on such criteria as leadership, grades, community service, musical or artistic talent, or even nationality.

PRIVATE LENDERS Some private lenders offer federally guaranteed loans under California's student loan programs. Details of these programs can change. For current information, contact the California Student Aid Commission (see the "State Government" section on page 2 for the address).

California Guaranteed Student Loans (CGSL) You may apply for this type of loan if you're enrolled at least half-time in an eligible postsecondary school. You're eligible for a loan if your family's annual income is less than $30,000. You also may be eligible if your family's income is higher, but the loan amount will be based on financial need. Ask your school for details on how financial need is determined.

If you qualify and you're an undergraduate student, you may borrow up to $2,500 per year, to a maximum of $12,500. Graduate students may borrow $5,000 a year, to a maximum of $25,000 including undergraduate loans.

The interest you pay on your loan cannot exceed 9% APR if you're a new borrower. If you already have a CGSL at 7% APR, you'll keep paying 7% on that loan and on any additional loans you obtain before you pay off your current ones.

New loans carry an *origination fee*—a specified percentage that is deducted from the amount you borrow but included in the amount you must repay. In addition, you may be required to pay an insurance premium of up to 1% of the loan amount.

If your interest rate is 9%, you must begin repaying your loan six months after you graduate, leave school, or drop below half-time status. With an interest rate of 7%, you'll have between nine and twelve months to begin repayment. Payments may be deferred from one to three years under certain conditions. (Ask your lender for details.) Depending on the lender, you'll have five to ten years to repay the loan completely.

California Loans To Assist Students (CLAS) As with a CGSL, you may apply for one of these loans if you're enrolled at least half-time in an eligible postsecondary school, but you do not have to show financial need. The interest rate is 12% APR. Although there's no origination fee, there may be an insurance premium of up to 1%.

Graduate students and parents of dependent undergraduate students may borrow up to $3,000 per year. Independent undergraduate students may borrow up to $2,500 per year, but this loan, combined with any loans under the CGSL program, cannot exceed the CGSL limits on undergraduate loans. (To find out whether you qualify as "dependent" or "independent," check with your school.)

All borrowers must begin repaying principal and interest within 60 days of receiving the funds. However, under certain conditions, students may be able to defer repayment of the principal. (Ask your lender for details.)

Lenders' Policies Specific policies on student loans may vary among lenders, so be sure you understand your lender's policy. For application forms and more information, check with your postsecondary school's financial aid office, with lenders, or with the California Student Aid Commission.

Personal Loans If you have a good credit record, you may qualify for a personal loan for educational purposes at banks, savings and loan associations, credit unions, and other private lenders. Interest rates and terms vary among lenders, and repayment usually begins one month after you receive the money. Generally, terms are less attractive than those for loans granted under state and federal programs.

ADDITIONAL SOURCES Investigate as many resources as possible in your search for financial aid. One book that may help you is *Don't Miss Out: The Ambitious Student's Guide to Scholarships and Loans*. It explains strategies for developing a financial aid plan for yourself. It also lists detailed information about numerous aid programs, ideas for cutting college costs, and ways to organize your search for financial aid dollars. For a copy of the book, send $3 to Octameron Associates, P.O. Box 3437, Alexandria, VA 22302.

Cost-Cutting Ideas

TIME SAVERS Here are some ways to shorten the length of time you attend school.

Credit for What You Know Your school might give you academic credit for any learning you gained through your experiences—your job, travel, or volunteer work. For information, ask your school's admissions department. You can also write to the Council for the Advancement of Experiential Learning, 300 Lakefront North, Columbia, MD 21044, or call (301) 997-3535.

It's also possible to earn up to two years of postsecondary credit by taking tests conducted by the College Level Examination Program (CLEP). Write to CLEP, Educational Testing Service, 1947 Center St., Berkeley, CA 94704; or to CLEP, P.O. Box 1822, Princeton, NJ 08541.

Summer Sessions If you attend summer school or earn credit from a study-related job, you may be able to graduate earlier.

Advanced Placement Program (APP) This program gives you a chance to take college-level courses while you are in high school. Ask your high school guidance counselor about APP or request a free copy of *A Guide to the Advanced Placement Program* from College Board Publications, P.O. Box 886, New York, NY 10101.

Three-Year Degree Programs A few colleges have begun to offer these. To find out whether your school does, check with the director of admissions.

MONEY SAVERS You may save a significant amount by attending a relatively inexpensive school, such as one of the following.

California Public Schools California offers a wide range of inexpensive educational opportunities. Community colleges

offer low-cost two-year programs for a vocational education or for your first two years of study toward a bachelor's degree.

Full-time undergraduate California residents enrolled at a campus of the California State University paid $341 per semester in fall, 1983. At the University of California, fall semester tuition was $680. Fees are considerably higher for nonresidents.

Military Academies The four service academies grant each student full tuition, room and board, a living allowance of more than $5,000 a year, and other benefits. All offer high-quality education but require summer attendance and five years of service after graduation.

LEARN WHILE YOU EARN Here are some ways of harmonizing work with school.

Company-Paid Tuition Many companies, especially larger ones, offer aid to employees who attend an accredited postsecondary school in a course of study that relates at least indirectly to their present or future work. The company usually pays for part, if not all, of the tuition and might also pay for textbooks and supplies.

Cooperative Education If you'd like to work part-time while in school or to alternate periods of full-time work with periods of full-time study, you might take part in a cooperative education program.

In many cases, you must be at least a sophomore and in good academic standing, and often you must have a certain major. Your job will usually be in a field related to your major. Earnings average about $6 per hour; the bonus is the experience you gain.

For a directory of California schools offering co-op programs, write to California Cooperative Education Association (CCEA), Administration Office, c/o Fred Abitia, California Polytechnic State University, San Luis Obispo, CA 93407. For a national list, write to the National Commission for Cooperative Education, 360 Huntington Avenue, Boston, MA 02115.

External Degree Programs Some colleges and universities award degrees on the basis of credit for independent study or experience acquired off-campus with little or no class attendance. Ask the admissions offices at local postsecondary schools whether they have external degree programs, or check your local library for the *Guide to Undergraduate External Degree Programs in the United States*. You can order this publication for $15 (including shipping) from Macmillan Publishing Co., Front & Brown Streets, Riverside, NJ 08370.

Weekend Colleges At some postsecondary schools, you may arrange to take courses only on weekends. To find out whether a school offers this option, check with the director of admissions.

Night and Correspondence School You can earn a degree at night or by mail from some schools. Contact public schools and local colleges and universities to find out whether they offer degree programs at night. Schools offering courses by mail are listed in *The Independent Study Catalog*, published by the National University and Continuing Education Association. It's available for $5.95, plus $1.25 postage and handling, from Peterson's Guides, P.O. Box 2123, Princeton, NJ 08540.

Aid to Certain Groups

MINORITIES AND WOMEN Many scholarships, fellowships, grants, and loans are offered exclusively or with preference to minorities and women. Various cities and many postsecondary schools have centers that provide information on financial aid programs for women and minority students. For more information, send for *Higher Education Opportunities for Minorities and Women—Annotated Selections* (#065-000-00175-6), available for $5 from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

DISABLED STUDENTS You may be eligible for help from the California Department of Rehabilitation if your disability is severe enough to interfere with your ability to get a job but not so severe that you cannot work at all. Many postsecondary schools have centers and special counselors for disabled students. You may be able to use equipment, such as a Braille transcriber, free of charge. Funds may be provided for a driver, tutor, or other assistance.

For more information and assistance, contact any community or national organization connected with your particular disability, or check the telephone book for the State of California Department of Rehabilitation. You can also apply for aid from the other sources listed in this report.

ADULTS If you are at least 25 years old and you're returning to college or entering for the first time, you may be eligible for special programs in addition to the resources available to all students. For example, college fees may be reduced or waived for those 60–65 or older. Your local college or university career counseling office, as well as the financial aid office, may be able to help you find sources of aid. Or, send for *Paying for Your Education: A Guide for Adult Learners*, available for $7.95 from College Board Publications, P.O. Box 886, New York, NY 10101.

GRADUATE STUDENTS Schools offer various types of aid, including fellowships, which can range from $200 to more than $2,000 a year, and teaching, research, and administrative assistantships, which provide full or partial tuition and sometimes an allowance for expenses. For more information, get in touch with the school's financial aid officer and the dean of your department.

A Word to Parents

PLAN AHEAD Many experts say that you should have a program for accumulating money for your child's postsecondary education no later than his or her seventh birthday. When your child is in high school, or before, the College Board's Early Financial Aid Planning Service (EFAP) will analyze your family's financial information and estimate your eligibility for a Pell Grant and other aid. The service costs $5. For free application forms, write EFAP, P.O. Box 2843, Princeton, NJ 08541.

SAVINGS Ideally, you should start saving within a few years of your child's birth. Some financial institutions have an educational savings plan. If you know how much you'll need and when, most institutions will make up a long-range plan for you. You may want to set up an account for your child's contributions as well.

Deadlines

It's never too early to begin arranging for financial aid. It's a good idea to start at least a year in advance because most sources of aid process applications and make awards only once a year. Here's a basic calendar to help you meet requirements on time.

SEPTEMBER (TWO YEARS AHEAD) See your high school guidance counselor for information on the National Merit Scholarship Program and the PSAT/NMSQT test.

SEPTEMBER (ONE YEAR AHEAD) Write the admissions office and the office of financial aid at the school you will be attending for information, application forms, and deadlines when forms are due.

Arrange to take the Scholastic Aptitude Test (SAT) or the American College Test (ACT) if you are applying for a scholarship that requires an SAT score.

NOVEMBER The Student Aid Application for California becomes available at high school counseling centers and at college financial aid offices. Begin assembling the financial records you'll need to fill it in.

JANUARY Complete and return the Student Aid Application for California. If you are applying to postsecondary schools outside California, you should return your Financial Aid Form or Family Financial Statement as soon after January 1 as possible.

Information in this report is current at the time of printing, June 1983, but is subject to change.

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